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Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 IO-13 OMB-01 CIAE-00 DODE-00 PM-05
H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01
SP-02 SS-15 USIA-06 ACDA-12 TRSE-00 EB-08 /093 W
----------002898 231909Z /44
R 231312Z DEC 77
FM AMEMBASSY BERLIN
TO AMEMBASSY BONN
INFO SECSTATE WASHDC 6330
AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
USMISSION USBERLIN

C O N F I D E N T I A L BERLIN 09323

E.O. 11652: GDS
TAGS: PGOV, PINT, US, GW, FR, UK, UR, GE
SUBJECT: RUMORED SOVIET CONCERN OVER CURRENT GERMAN-
GERMAN RELATIONS

REF: USBERLIN 3177

1. WE WERE MOST INTERESTED TO HAVE SPANGENBERG'S VIEW (REFTEL) THAT THE SOVIETS ARE CONCERNED ABOUT RECENT DEVELOPMENTS IN GERMAN-GERMAN RELATIONS, WHICH MAY WELL BE THE CASE. WE TEND TO DOUBT, HOWEVER, THAT THEIR JUMPINESS STEMS FROM A LACK OF INFORMATION ABOUT WHAT THE EAST GERMANS ARE UP TO. WE SUPPOSE, RATHER, THAT ANY CURRENT SOVIET DISCOMFITURE IS MUCH MORE A REFLECTION OF CONCERN ABOUT THE IDEA OF A SCHMIDT-HONECKER MEETING HAVING SEEPED INTO THE PUBLIC DOMAIN WHILE THE BREZHNEV TRIP REMAINS UNCONSUMMATED. WE ARE INCLINED TO FIND SOME MERIT IN THE ARGUMENT ADDUCED IN DER SPIEGEL DEC. 5 THAT HONECKER WOULD FIND A SCHMIDT VISIT OF USE, ESPECIALLY IF THE LATTER COULD
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BE INDUCED TO COME TO EAST BERLIN. WE DOUBT VERY MUCH, HOWEVER, THAT ANYTHING OF ANY CONSEQUENCE ON THE POSSIBILITY, TIMING OR AGENDA OF AN INNER-GERMAN SUMMIT HAS COME FROM EAST BERLIN WITHOUT MOSCOW'S KNOWLEDGE.

2. AS CONCERNS VOLKSWAGENS AND FRICTION IN THE LEADERSHIP, WE SEE THE VOLKSWAGENS, AND A THOUSAND VOLVO 244'S

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WHICH HAVE RECEIVED LESS PUBLICITY, AS A SIGNAL TO
THE PUBLIC AT LARGE THAT THE REGIME INTENDS TO STICK
BY ITS COMMITMENT TO A RISING LIVING STANDARD DESPITE
WIDELY-PUBLICIZED PRESSURES ON THE ECONOMY, ESPECIALLY
IN RESPECT TO THE FOREIGN SECTOR. WE ASSUME THE TERMS
OF THE VOLKSWAGEN DEAL WERE FAVORABLE TO THE GDR, AND
THAT VOLKSWAGEN WENT INTO IT NOT TO SELL SPARE PARTS,
BUT TO PUT AN HISTORIC FOOT IN THE INNER-GERMAN DOOR.
THE GDR'S DECISION TO TRADE WITH VW SEEMS TO US TO HAVE
AN IMPORTANCE BEYOND ECONOMICS, AND INDICATES A READINESS
TO DEAL IN THE PUBLIC SPHERE LESS IDEOLOGICALLY THAN
IN THE PAST WITH THE FACT OF WEST GERMAN AFFLUENCE AND
ITS ATTRACTION FOR THE EAST GERMAN CONSUMER. SALE OF
THE VOLKSWAGENS AND THE VOLVOS PRESUMABLY FOR GDR MARKS
IS ALSO IN EFFECT A REDEMPTION OF HONECKER'S PROMISE
IN DRESDEN IN SEPTEMBER THAT IN THE FUTURE MORE OF
LIFE'S GOOD THINGS WOULD BE MADE AVAILABLE TO GDR
CONSUMERS OUTSIDE THE INTERSHOP SYSTEM.

3. HONECKER IS WIDELY BELIEVED TO BE THE STANDARD-
BEARER OF THIS "CONSUMERIST" LINE OF ECONOMIC AFFAIRS;
AND IT IS ASSUMED, WITH LESS CERTAINTY, THAT SOME OTHER
MEMBERS OF THE LEADERSHIP OPPOSE HIS APPROACH ON GROUNDS
OF ECONOMIC EXPEDIENCY OR IDEOLOGICAL PURITY, WITH
THE FORMER CRITERION OF CONSIDERABLY GREATER IMPORT
IN TODAY'S GDR. FROM THIS PERSPECTIVE, HONECKER IS THE
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IDEOLOGUE--OF VOLKSWAGENS AND INTERSHOPS--AND HIS ALLEGED
OPPOSITION IS THE HARD ECONOMISTS, WHO WOULD PREFER
TO BARTER GDR PRODUCTS FOR HIGH TECHNOLOGY PRODUCER
GOODS IN ORDER TO EXPAND INTERNAL PRODUCTION TO MEET
CONSUMER DEMAND. ALTHOUGH THIS APPARENT DIVERGENCE OF
OPINION HAS BEEN A PART OF THE EAST GERMAN SCENE SINCE
AT LEAST 1975, IT IS THOUGHT THAT CURRENT ECONOMIC
PRESSURES ARE SHARPENING DISSATISFACTION WITH HONECKER'S
LINE AMONG TECHNOCRATS; SOME OBSERVERS THINK CHARGES OF
MISMANAGEMENT OF THE ECONOMY ARE GATHERING AGAINST HIM.
BUT WE HAVE NOTICED NO SIGN OF ANY RETREAT IN PUBLIC
FROM THE ANNOUNCED COMMITMENT TO A RISING LIVING
STANDARD, AND HAVE NO REASON TO THINK HONECKER HAS BEEN
WEAKENED BY HIS STICKING STUBBORNLY TO RISING
CONSUMPTION DURING THE CURRENT PLAN PERIOD DESPITE THE
OBVIOUS NEED TO ALLOCATE MORE RESOURCES TO PRODUCTIVE
INVESTMENTS RATHER THAN CONSUMPTION.

4. TAKING INTO ACCOUNT THAT THE SOVIETS ARE THE AUTHORS
OF A GOOD DEAL OF THE GDR'S CURRENT ECONOMIC
DIFFICULTIES, IT STRIKES US AS UNLIKELY THAT THEY
ARE OVERLY EXERCISED ABOUT HOW THE GDR DEALS WITH ITS

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DILEMMAS IN THE SPHERES OF FOREIGN TRADE AND STANDARD OF LIVING. WE BELIEVE THAT THE SOVIETS, WHILE NOT SYMPATHETIC TO EAST GERMAN AFFLUENCE PER SE, PROBABLY ACCEPT HONECKER'S JUDGMENT ABOUT WHAT IS NECESSARY TO MAINTAIN STABILITY IN THE COMMUNIST HALF OF DIVIDED GERMANY. THEREFORE THE SOVIETS ARE NOT LIKELY TO BE JUMPY ABOUT THE "ECONOMIC-PSYCHOLOGICAL" EFFECT OF A FEW THOUSAND VOLKSWAGENS SINCE IMPORTS CAN CLEARLY BE JUSTIFIED IN TERMS OF PROMOTING INTERNAL POLITICAL STABILITY. BOLEN

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